

MAXINE WATERSMEMBER OF CONGRESS
75TH DISTRICT, CALIFORNIA

COMMITTEES:

BANKING AND FINANCIAL
SERVICES

JUDICIARY

Congress of the United States
House of Representatives
Washington, DC 20515-0535PLEASE REPLY TO:
2344 RAYBLUN HOUSE OFFICE BUILDING
☐ WASHINGTON, DC 20515-0535
(202) 225-2201
FAX (202) 225-7854
DISTRICT OFFICE:
10124 S. BROADWAY
SUITE 1
☐ LOS ANGELES, CA 90003
(213) 757-8900
FAX (213) 757-9506

December 16, 1997

Secretary Robert E. Rubin
Department of the Treasury
15th and Pennsylvania Avenue
Washington, D.C. 20220

Dear Secretary Rubin:

The implications of the Congressional mandate that all Federal payments be received electronically by January 1, 1999 are tremendous. Many critical fairness issues are raised by this mandate. Shortly after the September 25, 1997 hearing on the EFT 99 proposed regulations we had the opportunity to meet with Under Secretary Hawk to share some of our thoughts. The following comments reiterate the concerns we expressed at our meeting and we hope they will be helpful to you as you develop the final regulations for the EFT 99 program.

1. Those with bank accounts

While we are pleased to see that the Treasury Department included a waiver provision in the proposed regulations that will allow recipients to continue to receive their checks in the mail, the scope of the waiver provision should be broadened. At no time should individuals be prevented from making the determination that they are in need of a waiver based on hardship due to a physical disability, geographic barrier, or financial hardship. For example, it must be clearly stated that individuals who find that the cost of maintaining an account with a financial institution is prohibitive be allowed to apply for a waiver.

2. The Unbanked

We understand that the Department of Treasury has spent considerable time on the issue of how to serve the "unbanked" population. We believe that the EFT 99 program gives us an unprecedented opportunity to bring these persons into the banking mainstream.

A. Voluntary Accounts

Recipients who do not have bank accounts are being encouraged to voluntarily open bank accounts prior to January 1, 1999. It is important that we give recipients a range of choices that are economical and offer them adequate banking services.

EFT#201

1) We encourage the Treasury Department to work closely with the banks to create simple, low cost accounts that recipients may use.

2) The Department's commentary on the proposed regulations indicates that the Department may decide that the accounts that individuals create voluntarily are not subject to any cost control. This is despite the law's clear language that all electronic accounts are to be provided at "reasonable cost, and will be given the same consumer protections as other account holders at the same financial institution."

A set of standards should be created that will determine the fees that will be allowed. Financial and non-financial institutions who wish to receive these payments can choose to abide by these regulations or forgo the opportunity to bank these recipients.

3) It is also important to ensure that a broad range of financial and non-financial institutions have the opportunity to compete for the business of these consumers.

The Department must make sure that smaller financial institutions are not shut out of the EFT 99 market. Community banks have played an important role in serving low income communities - often when other larger institutions would not. Outreach materials developed for recipients should outline the full range of banking options available to them and should include mechanisms that help smaller banks and savings and loan institutions serve these individuals.

The types of non financial institutions allowed to compete for the business of these consumers should not be limited to check cashers and money remitters. Non-profit organizations serving these clients should also have the ability to serve a similar function in providing recipients with their funds.

4) The use of informational and educational materials that are easily accessible and culturally-appropriate to recipients and the creation of outreach programs targeted to the needs of different recipient communities will be critical to the success of the program. The needs of non-English speaking recipients must be met, including the translation of materials and the availability of staff to speak to persons in their native language. We encourage the Department to work in cooperation with existing community groups to develop this educational campaign.

B. Electronic Transfer Accounts

It is critical that any account created by the Treasury Department give recipients a range of banking services at low or no cost. While the Department has given us every assurance that

this is their goal as well, the proposed regulations governing the creation of Electronic Transfer Accounts (ETA) leave many details to be developed.

1) ETA account access should not be limited to the use of ATM machines. The elderly and the infirm should not be forced to use ATM machines, many of which are exposed to the elements and may be unsafe, for all of their cash withdrawals. Opportunities to ensure safe and accessible ATM access -- such as the placement of ATMs in post offices -- should be explored.

2) We also must ensure that those who are assigned these accounts do not incur excessive ATM and point of sale fees.

We appreciate all the hard work that the Treasury Department has done to get to this point. As you draft the final regulations for implementation of this program, we hope that you will incorporate our views and concerns. We look forward to the development of an EFT program that the Congress and the American people can be proud of.

Sincerely,



Maxine Waters
MEMBER OF CONGRESS



Lucille Roybal-Allard
MEMBER OF CONGRESS



Julia Carson
MEMBER OF CONGRESS